



*United States Attorney
Southern District of New York*

FOR IMMEDIATE RELEASE
APRIL 15, 2003

CONTACT: U.S. ATTORNEY'S OFFICE
MARVIN SMILON, HERBERT HADAD,
MICHAEL KULSTAD
PUBLIC INFORMATION OFFICE
(212) 637-2600

**CEO OF AMERICAN HEALTHCARE CONVICTED OF CONSPIRACY
AND SECURITIES FRAUD IN MANHATTAN FEDERAL COURT**

JAMES B. COMEY, the United States Attorney for the Southern District of New York, announced that ARTHUR WHEELER, the President and Chief Executive Officer of American Healthcare Providers, Inc. ("American Healthcare" or the "Company") was convicted yesterday following a one-week jury trial in Manhattan federal court of participating in a classic "pump and dump" scheme involving American Healthcare stock. WHEELER's conviction on conspiracy and securities fraud charges follows the convictions of Luis Lorie and Angle Lorie, both of whom previously pled guilty to participating in the scheme with WHEELER.

According to the evidence at trial, WHEELER caused millions of shares of American Healthcare stock to be transferred from the Company to off-shore accounts controlled by the Lories. Thereafter, from August 1999 through June 2000, WHEELER and the

Lories caused the price of American Healthcare stock to be inflated artificially by distributing a series of false press releases that made blatant false representations about the Company's business and finances and by posting messages containing false information about the Company on an electronic Internet message board maintained by Raging Bull.com.

According to the evidence at trial, the press releases and Internet messages falsely represented, that: (a) American Healthcare had entered into an agreement with Amadeus Pharmacy to acquire it within 90 days, when no such agreement existed; (b) American Healthcare had prepared audited financial statements reflecting a 71-percent increase in earnings from the previous year, when no audited financial statements had been prepared; and (c) American Healthcare had entered into a \$22.68 million contract with the City of New York pursuant to which American Healthcare would provide prescription drugs to newly released prison inmates and mental patients, when no such contract existed.

The evidence established that after disseminating this false information about American Healthcare, the Lories sold more than \$1 million in American Healthcare stock from their off-shore accounts and gave approximately \$140,000 of the proceeds to WHEELER.

United States District Judge RICHARD M. BERMAN, who presided over WHEELER's trial, scheduled sentencing for June 26, 2003, at which time WHEELER faces a maximum sentence on the

conspiracy charge of 5 years in prison and a maximum fine of \$250,000 or twice the gain or loss resulting from the offense, and a maximum sentence on the securities fraud charge of 10 years in prison and a maximum fine of \$1 million or twice the gain or loss resulting from the offense.

WHEELER, 55, resides in Fire Island, New York.

Mr. COMEY, who is a member of President Bush's Corporate Fraud Task Force, praised the efforts of the Federal Bureau of Investigation and thanked the United States Securities and Exchange Commission for its assistance in the investigation of this case.

Assistant United States Attorneys DAVID B. ANDERS and CHRISTOPHER J. CLARK are in charge of the prosecution.

03-85

###